

## **Remarks**

### **Request for Reconsideration**

Reconsideration and allowance in view of the comments which follow, are respectfully requested.

### **Status of Claims**

Claims 1 – 23 remain pending in this application. No claim amendments are presently being proposed. The listing of claims shows all of the amendments relative to the claims made from the original issued patent.

### **Office Action of July 20, 2009**

In the Office Action dated July 20, 2009, the Examiner rejected Claims 1 – 23 as being allegedly obvious over Montana Burst in Gram Faceting Designs (“GFD” or “Montana Burst”) in view of Grossbard U.S. Patent No. 4,020,649 (“Grossbard ‘649” or “Grossbard”).

The Examiner stated that GFD discloses a two-step cut crown and brilliant-cut pavilion in the shape of an octagon with four equal length sides equal to four equal length corners, and a pavilion with eight rib lines extending in a straight line from the girdle to the culet. The Examiner stated that Grossbard disclosed a mixed-cut gemstone having corner lengths less than side lengths, and that it would have been obvious to modify Montana Burst to change the lengths of four sides to form longer sides and shorter corners.

### **The Cited References Do Not Render Obvious Applicant’s Claimed Invention**

In response to the Office Action, applicant submits the Fourth Supplemental Declaration of Robert S. Greeff (“Greeff Fourth Supp. Dec.”). This Declaration states the following points.

Gemstone cuts through the years have generally tried to maximize the three qualities of dispersion, brilliance or scintillation, and even a fourth factor which is the yield of a gemstone (which is the fully cut weight compared to the start rough weight). Generally speaking, designers are motivated to improve at least one of these qualities, while not detrimentally impacting the other qualities. While there is always a tradeoff, the gemstone designers would not be interested in coming up with designs that did not result in any improvement in at least one of the four features of dispersion, brilliance or scintillation, or yield. (Greeff Fourth Supp. Dec. Par. 3)

Gemstone designs have gone through many styles over the years. In the late 1800s and early 1900s, the cushion cut, with rounded sides and corners resembling a pillow or cushion, was very popular and sought after by purchasers, and gemstone designers and suppliers were active in cushion cut designs. (Greeff Fourth Supp. Dec. Par. 4)

In the early 1900s, the brilliant cut, such as the round brilliant which has three and four sided facets with non-parallel side lines, became very popular, and most gemstones even today have a brilliant faceting arrangement. The number and arrangement of the facets were designed to obtain a maximum degree of light reflection and dispersion (sometimes called “fire”). However, the increased dispersion comes at a heavy price of much loss of the stone, as most brilliant cuts are less than 50% of the rough weight. But designers thought that the resultant increase in dispersion, as well as brilliance, greatly made up for the sacrifice in yield loss with the round brilliant cut. (Greeff Fourth Supp. Dec. Par. 5)

Step cut faceting arrangements have been around for many years, and are characterized by having successive series of trapezoidal facets (“steps”) in both the crown and pavilion. This design gives the gemstone a less lustrous effect, with lower dispersion compared with brilliant

cuts, but save much more of the rough material to improve the yield. Designers know that step cuts are much less brilliant have less dispersion than brilliant cuts, but the increase in yield more than makes up for it in the minds of the designers, and many purchasers prefer yield over brilliance and dispersion, and like the look regardless. (Greeff Fourth Supp. Dec. Par. 6)

Mixed cuts are a hybrid combination of brilliant cuts and step cuts. Most of the mixed cuts have brilliant cuts in the crown and step-cuts in the pavilion. This gives a relatively good dispersion in the crown (but not as much as a full brilliant cut), and saves a lot of the material in the pavilion. The mixed cut is thus a trade off between good dispersion and minimizing stone material loss, and is thought by many designers to provide a good balance or improvement overall in the four stone qualities of dispersion, brilliance, scintillation, and yield. (Greeff Fourth Supp. Dec. Par. 7)

Some mixed cuts have a step crown and a brilliant pavilion. These arrangements also provide a balance or compromise between good dispersion and stone yield. The Montana Burst stone is an example of such a type of mixed cut. If one skilled in the art was aware of the Montana Burst, there is no reason why one would modify the arrangement in order to improve dispersion, brilliance or scintillation. Modifying the side lengths, so that four sides would be longer than four shorter corners, would not be thought of by gemstone designers as resulting in any improvement in dispersion, brilliance or scintillation. Accordingly, there is no reason why one would modify the Montana Burst design. (Greeff Fourth Supp. Dec. Par. 8)

When Mr. Greeff conceived the design for the gemstone which is defined by the subject claims, he was seeking to create a novel overall look which had not been achieved before. He was not primarily motivated or interested in improving dispersion, brilliance or scintillation. compared to other mixed cuts, or the round brilliant, which I believe was the most popular

gemstone design being sold at the time. He was seeking to provide an entirely new concept, which was a cut cornered, essentially square step crown having shorter corners than sides, so that the pavilion would have four predominant large side mains just below the girdle, with rib lines extending from the girdle to the culet to define the four pavilion sides and four shorter corners. The sides would predominate, while the much smaller corners would shadow or mimic the sides but on a much smaller scale. This novel concept departed substantially in overall look from a completely symmetrical stone having equal sides along its girdle. (Greeff Fourth Supp. Dec. Par. 9)

If a gemstone designer was seeking to improve the dispersion, brilliance or scintillation, or even yield, they would not have arrived or be motivated to provide the subject gemstone design, even if they started with the Montana Burst stone, and was aware of the Grossbard gemstone being cited in combination with the Montana Burst against the subject claims, because the subject design would not have been thought to be an improvement in dispersion, brilliance or scintillation, or even yield, of the Montana Burst stone. In this way, Mr. Greeff's design objectives were a significant departure from the objectives that gemstone designers normally try to achieve, which is to improve at least one of dispersion, brilliance or scintillation, or yield. Furthermore, the Montana Burst sought as a main objective an eight sided stone with all sides of equal length, to provide perfect symmetry on all of the sides. Mr. Greeff's inventive design was a significant, non-trivial and unconventional departure from that thinking, by providing a non-symmetrical stone having sides much longer than the corners, in order to provide four larger pavilion mains below the girdle, as described above. (Greeff Fourth Supp. Dec. Par. 10)

**The Presently-Claimed Invention Has Enjoyed Commercial Success,  
Evidencing Non-Obviousness**

The Examiner has stated that the comparison of dollars spent on marketing should be showing that the dollars spent on the new line inventive gemstones is in-line with dollars spent on other new lines of gemstones. The Examiner has stated that, in order for commercial success to be supported, applicant would have to show that the dollars spend on the inventive gemstone is the same or similar to dollars spent on other new lines of gemstones, along with a showing that the sales of other new lines of gemstones for the same marketing dollar spent. The Examiner has also stated that the Declaration failed to show that it is the claimed gemstone that has caused the commercial success, and there could have been an increase in marital engagements during this period due to a population bubble being in the traditional marrying age bracket.

In response, applicant has demonstrated that the subject Lucida gemstone has been commercially successful relative to its closest comparable gemstone, which is the Legacy gemstone.

As previously reported, the subject Lucida gemstone was introduced in 1999, and the Legacy gemstone was introduced in 2004. These two products are the best products to compare because they cover over-lapping time periods, have been sold recently, and because both sales and marketing expenses from time of product introduction are available. In order to fully compare the subject Lucida gemstone sales with Legacy gemstone sales, from product introduction to 2007, applicant submitted the Supplemental Declaration of Clair Mah (Mah Supp. Dec.) The sales and marketing expense data clearly indicated that sales of the subject Lucida gemstone far exceeded the sales of Legacy for the same marketing dollars spent. In 1999, Lucida sales were \$130M, and in 2000, Lucida sales were \$55.3M, (previously submitted of record). In 1999, Lucida advertising and marketing ("A&M") expenses were \$981K, and in 2000, were \$1,814K (Mah Supp. Dec. ¶12). Combined with sales, advertising, and marketing expenses previously presented for the period 2001 – 2007, the results for Lucida are as follows:

<u>Period</u>		<u>A&amp;M</u>		<u>Sales</u>
2001 – 2007	\$	9,434K	\$	299.5M
2000		1,814K		55.3M
1999		981K		13.0M
Total	\$	12,229K	\$	367.8M

Comparing Lucida with Legacy over their respective sales periods from product introduction through 2007, we have the following:

<u>Period</u>	<u>Gemstone Style</u>		<u>A&amp;M</u>		<u>Sales</u>	<u>A&amp;M/Sales</u>	<u>Sales/A&amp;M</u>
1999-2007	Lucida	\$	12,229K	\$	367.8M	$\$12,229K/\$367.8M = 3.3\%$	\$30.08
2004-2007	Legacy	\$	5,239K	\$	65.4M	$\$5,239K/\$65.4M = 8.0\%$	\$12.48

In summary:

1. For Lucida gemstones for the period 1999 – 2007 inclusive, advertising and marketing expenses worldwide as a percentage of sales worldwide, was about 3.3% ( $\$12,229K/\$367.8M$ ). Stated another way, sales volume per advertising and marketing expenses were ( $\$367.8M/\$12,229K$ ) = \$30.08.
2. For Legacy gemstones for the period 2004 – 2007 inclusive, advertising and marketing expenses worldwide as a percentage of sales worldwide was about 8.0% ( $\$5,239K/\$65.4M$ ). Stated another way, sales volume per advertising and marketing expenses were ( $\$65.4M/\$5,239K$ ) = \$12.48.

The advertising and marketing expenses for the Lucida SDR were only 3.3% of sales over its sales period 1999 - 2007, well below and less than half proportionally the advertising and marketing expenses of about 8.0% of sales for Legacy over its sales period of 2003 - 2007. Stated another way, inventive Lucida sales were \$30.08 per advertising and marketing dollar, far exceeding

Legacy's sales of \$12.48 per advertising and marketing dollar. Clearly, Lucida gemstones have been hugely, commercially successful, relative to Legacy gemstones.

Applicant also respectfully points out that the previously submitted Supplemental Declaration of Detra Segar, stated that customers selected Lucida gemstones because of its unique faceting arrangement, and was the reason for their purchase.

The Segar Supp Dec states:

“3...Based on comments from customers, I believe that [the Lucida] gemstone cut is highly desirable and was the reason for their purchase.”

The Declaration of Robert Greeff stated that the Lucida faceting arrangement is covered by the subject patent claims.

The Greeff Second Supp Dec states:

“24. The Lucida jewelry line contains essentially only gemstones which are described by the subject claims, so that virtually all of the value of the Lucida jewelry line is attributable to the Lucida gemstones covered by the subject claims.”

Accordingly, applicant respectfully urges that the Segar and Greeff Declarations evidence demonstrates that customers have selected and purchased the Lucida gemstones because of the claimed faceting arrangement.

Applicant urges that the totality of the factual evidence submitted by way of the Declarations clearly establishes that the gemstone covered by the subject claims has been commercially successful.

Also, in response to the Examiner's statement in a prior Office Action that an increase in marital engagements during this period due to a population bubble “could” have accounted for the increased sales, applicant has submitted a document which establishes that the marriage rate has actually declined during the Lucida sales period. In 2006, a report entitled, “*The National Marriage*

*Project*”, reported (on pages 16 – 17, especially Fig. 1) that the annual marriage rates from 1970 have actually dropped by more than 10% per decade for this period, which includes the relevant Lucida sales period. Even though marriage rates had declined at a rate over 10% per decade, Lucida sales increased. Lucida also necessarily increased in market shares because, in a declining sales market, its sales displaced sales of other gemstone styles. Indeed, evidence of displacing other products in the marketplace is strong evidence of commercial success.

Applicants respectfully submit that the showings submitted to date have been more than sufficient to demonstrate commercial success of the subject Lucida gemstone which is covered by the subject claims, and more than sufficient to demonstrate non-obviousness of the claimed subject matter.

Commercial success need simply establish a nexus between the subject matter claimed and the sales of the product. Applicant has clearly demonstrated the nexus, and has submitted evidence which establishes that the commercial success has not been attributable to factors other than the unique faceting arrangement as defined by the pending claims.

**“Unexpected Effects” is Not a Requirement for Patentability of a Gemstone**

The Examiner has not identified any authority that “unexpected effects” is a requirement for patentability of gemstones, and indeed, numerous gemstone patents issued by the Office appear to disprove the existence of any such “requirement”.

When the subject patent was originally examined, no requirement of “unexpected effects” was made. Numerous gemstone patents have been issued, both before the subject patent was originally issued and subsequently, and there appears to be no such requirement of “unexpected effects”.



**Demonstration of Commercial Success: Supporting Non-Obviousness of Gemstones Does Not Require Any “Link” to Unexpected Stone Features**

The Examiner has not identified any authority for the statement that commercial success based on the shape and arrangement of the facets “must” link the success to the “unexpected” fire, brilliance, and scintillation produced by the gemstone. Applicant respectfully disagrees with the Examiner on this point, and requests reconsideration and withdrawal of this statement.

**Copying of the Claimed-Invention is Strong Evidence Supporting Non-Obviousness**

Other objective indicia of patentability supporting the non-obviousness of the claimed subject matter is copying of the claimed invention. Applicant has previously submitted website pages describing a gemstone market by Cut by Guage under the mark, Lucére. Page 2 of 3 of the [www.voyagerjewelrydesign.com](http://www.voyagerjewelrydesign.com) website shows the crown and pavilion of this gemstone. This Lucére gemstone is believed to incorporate the features of at least pending Claims 1 – 5, 8, 9, 11, 15, 16, and 21. Generally, the Lucére gemstone has a stepped crown with corners substantially shorter than its sides, and a pavilion having four sides and four corners defined by eight distinct rib lines extending from the girdle to the culet in substantially straight lines, as well as the other features recited in the listed claims. In the two Office Actions of December 8, 2008 and April 30, 2009, the Examiner made no mention of consideration of this evidence, so applicant assumes that this evidence was not considered. Applicant respectfully requests consideration of this evidence, and an acknowledgement that such evidence has been considered.

Of significance is that Slotar’s selection of the mark “Lucére” shares the same first three letters of the applicant’s mark, “Lucida”, which applicant believes is strong evidence that Slotar wishes to communicate to the purchasing public that the Lucére gemstone is essentially the same design as applicant’s Lucida gemstone.

## Conclusion

In view of the foregoing, applicant respectfully submits that the claimed invention is unobvious over the prior art cited, even if commercial success and copying are not considered. After considering the strong evidence of commercial success and copying, applicant urges that the claimed invention is not obvious. Applicant believes that the application is in condition for allowance, and such action is earnestly solicited.

If a telephone interview would be of assistance in advancing the prosecution of the subject application, applicant's undersigned attorney invites the Examiner to telephone him at the number provided below.

## Fees

No fees are believed to be due. However, if any fee is determined to be due, authorization is hereby given to charge the fee to deposit account #02-2275. Pursuant to 37 C.F.R. 1.136(a)(3), please treat this and any concurrent or future reply in this application that requires a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. The fee associated therewith is to be charged to Deposit Account No. 02-2275.

Respectfully submitted

LUCAS & MERCANTI, LLP

By:



Peter J. Phillips, Reg. No. 29,691  
(Attorney for Applicant)  
475 Park Avenue South  
New York, New York 10016  
Tel: (212) 661-8000

### CERTIFICATE OF ELECTRONIC TRANSMISSION

I hereby certify that this document is being electronically transmitted to the Commissioner for Patents via EFS-Web on October 20, 2009.

LUCAS & MERCANTI, LLP

By: 

Peter J. Phillips, Reg. No. 29,691